

4-20-00

4

04/19/00

jc796 U.S. PTO

jc525 U.S. PTO
09/552073

04/19/00

UTILITY PATENT APPLICATION TRANSMITTAL <small>(Only for new nonprovisional applications under 37 CFR 1.53(b))</small>	Title of Invention	Cash Card
	Named Inventor(s)	Thomas P. Norton, Doug McNary, Adam Coyle, Alexandra Hoy
	Attorney Docket	06042-0145
	Express Mail Label No.	EL498680561US

jc796 U.S. PTO

APPLICATION ELEMENTS		Assistant Commissioner for Patents ADDRESS TO: Box Patent Application Washington, D.C. 20231	
1. <input type="checkbox"/> Fee Transmittal Form <i>(Submit an original, and a duplicate for fee processing)</i>		8. <input type="checkbox"/> Assignment: a. <input type="checkbox"/> Assignment Papers (cover sheet & document(s)) b. <input type="checkbox"/> Assignment is of record in parent application No. _____	
2. <input checked="" type="checkbox"/> Specification, Claims, and Abstract Total Pages 23		9. <input type="checkbox"/> 37 CFR 3.73(b) Statement <i>(when there is an assignee)</i> <input type="checkbox"/> Power of Attorney by assignee	
3. <input checked="" type="checkbox"/> Drawings Total Sheets 6		10. <input type="checkbox"/> English Translation Document <i>(if applicable)</i>	
4. Oath or Declaration Total Pages a. <input type="checkbox"/> Newly executed (original or copy) b. <input type="checkbox"/> Copy from prior application (37 CFR 1.63(d)) <i>(for continuation/divisional with Box 17 completed)</i> [Note Box 5 Below] (i) <input type="checkbox"/> <u>DELETION OF INVENTOR(S)</u> Signed statement attached deleting inventor(s) named in the prior application, see 37 CFR 1.63(d)(2) and 1.33(b).		11. <input type="checkbox"/> Information Disclosure Statement (IDS) PTO-1449 <input type="checkbox"/> Copies of IDS Citations	
5. <input type="checkbox"/> Incorporation by Reference <i>(usable if Box 4b is checked)</i> The entire disclosure of the prior application, from which a copy of the oath or declaration is supplied under Box 4b, is considered as being part of the disclosure of the accompanying application and is hereby incorporated by reference therein.		12. <input type="checkbox"/> Preliminary Amendment	
6. <input type="checkbox"/> Microfiche Computer Program <i>(Appendix)</i>		13. <input checked="" type="checkbox"/> Return Receipt Postcard (MPEP 503) <i>(Should be specifically itemized)</i>	
7. <input type="checkbox"/> Nucleotide and/or Amino Acid Sequence Submission <i>(if applicable, all necessary)</i> a. <input type="checkbox"/> Computer Readable Copy b. <input type="checkbox"/> Paper Copy (identical to computer copy) c. <input type="checkbox"/> Statement verifying identity of above copies		14. <input type="checkbox"/> Small Entity Statement(s) <input type="checkbox"/> Statement filed in prior application Status still proper and desired	
17. If a CONTINUING APPLICATION, check appropriate box and supply the requisite information: <input type="checkbox"/> Continuation <input type="checkbox"/> Divisional <input type="checkbox"/> Continuation-in-part (CIP) of prior application No:		15. <input type="checkbox"/> Certified Copy of Priority Document(s)	
18. CORRESPONDENCE ADDRESS: Dale Lischer, Esq. JONES & ASKEW, LLP 2400 Monarch Tower 3424 Peachtree Road, N.E. Atlanta, Georgia 30326		16. <input type="checkbox"/> Other: _____ _____ _____ By: <u>Dale Lischer</u> Reg. No. 28,438 Date: April 19, 2000 Telephone: 404-949-2400 Facsimile: 404-949-2499	

CASH CARD

CROSS REFERENCE TO RELATED APPLICATIONS

This application claims priority to United States Provisional Application No. 60/130,057, filed on April 19, 1999.

FIELD OF THE INVENTION

The present invention relates generally to prepaid negotiable instruments. More specifically, the present invention relates to pre-paying funds into a transaction account and subsequently drawing upon those funds through the issuance of negotiable instruments.

BACKGROUND

Banks traditionally offer certain benefits to their customers, such as safe-storage of and access to funds, direct deposit capabilities, automated teller machine (ATM) access and convenience of service points, etc. Many members of the cash based society understand and seek such bank-like benefits at reasonable and straightforward prices, but are often reluctant to enter into a relationship with banks. One reason for the cash based society's avoidance of banks is that they tend to feel that they are not respected by banks. Also, members of the cash based society typically reject hidden fees, limited services and locations, approval processes, minimums, etc. Thus, the prevailing product and service approaches of banks tend to intimidate members of the cash based society, or at least impede the successful adaptation of bank services to their needs and lifestyles.

Some banks and financial institutions offer "low cost" or "basic" accounts. Such financial institutions usually restrict services, offer "lower" fees, and may waive minimum balance requirements. However, such low cost accounts remain unappealing to many members of the cash based society because they tend to be offered through bank branches with limited hours and locations and ATMs which may not be local to the consumer. Furthermore, there is still a credit check and an approval process associated with "low cost" accounts, which the cash based consumer might fail because of credit history or residence problems. In addition, the cash based consumer may be worried about garnishments or inconvenient, disrespectful service.

Some financial institutions offer debit card payroll solutions. For example, a branded check printing service may provide direct deposit capabilities for federal benefit checks

in exchange for a transaction fee. However, federal benefit check distribution services do not allow multiple withdrawals in varied amounts. Transaction fees for these and other debit card payroll solutions tend to be expensive. There is currently no other banking service offered to the cash based society that provides direct deposit capability.

Accordingly, there remains a need for a financial service that offers safe-storage of and access to funds, direct deposit capabilities, automated teller machine (ATM) access, convenient service points, etc, without requiring a traditional bank-customer relationship.

SUMMARY OF THE INVENTION

The present invention meets the above-described needs by providing a system and method whereby a non-bank entity, such as a Licensed Money Transmitter, may issue prepaid negotiable instruments to an individual. In one aspect of the invention an account structure is provided that allows a non-bank entity to indirectly provide direct deposit capabilities for funds representing pre-payments for negotiable instruments. When a direct deposit of funds into a first account associated with the individual and maintained by a first entity is detected, the total amount of the funds is transferred, or swept, into a second account associated with the individual and maintained by a second entity. The first entity is a bank or other financial institution subject to federal banking regulations, while the second entity is not subject to federal banking regulations. Detecting a direct deposit of funds into the first account comprises detecting a credit in the total amount of the funds posted in the first account. Automatically transferring the total amount of the funds into the second account comprises posting a debit in the total amount of the funds in the first account and posting a credit in the total amount of the funds in the second account.

An account number and a PIN are associated with the second account and are provided to the individual. When a request by the individual for the issuance of a negotiable instrument is detected, the PIN and the account number are verified to determine that the account number identifies the second account and that the PIN identifies the individual as being authorized to access the second account. Then, a determination is made as to whether the value of the requested negotiable instrument is in excess of the balance of the second account. If the value of the requested negotiable instrument plus any fees charged to the individual is not in excess of the balance of the second account, the issuance of the requested negotiable instrument to the individual is authorized. In response to the issuance of the requested negotiable instrument, the balance of the second account is debited by the value of the requested negotiable instrument plus any fees. When the individual requests the issuance of multiple negotiable instruments, a determination is made as to whether the aggregate value of the requested multiple

negotiable instruments plus any fees is not in excess of the balance of the second account. Upon issuance of the requested multiple negotiable instruments to the individual, the second account is debited by the aggregate value of the requested multiple negotiable instruments plus any fees.

A properly enrolled customer may make subsequent deposits into the second account. Upon requesting a balance increase for the second account, the individual tenders a payment in the requested amount. In response to the balance increase request the second account is credited in the requested amount.

Another aspect of the invention provides a system and method for conducting anonymous transactions with an individual regarding prepaid negotiable instruments. An anonymous account is provided that is identified by an account number. The individual is then provided with the account number and a PIN allowing access to the anonymous account. Upon verification of the PIN and the account number, the individual is authorized to make an initial deposit of funds into the anonymous account. The initial deposit of funds represents a prepayment for negotiable instruments. The individual is thus authorized to request the issuance of negotiable instruments in an amount not exceeding the initial deposit of funds. When the issuance of negotiable instruments has depleted the initial deposit of funds, the anonymous account is closed and no other transactions are authorized.

The anonymous account may be converted into a non-anonymous account if the individual provides personal identifying information, such as name, address, social security number, etc. Once such personal identifying information is provided, a non-anonymous account associated with the individual may be established. The non-anonymous account may have a new account number and PIN associated therewith. The new account number and PIN may be used by the individual to make subsequent deposits of funds into the non-anonymous account. While an anonymous account is not authorized to accept direct deposits of funds, the non-anonymous account may be linked to a traditional bank account, via a communications link, so as to indirectly offer direct deposit capabilities.

These and other aspects of the present invention will become apparent upon review of the following description with particular reference to the attached drawings.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a functional block diagram illustrating the movement of funds through an exemplary account structure in an illustrative embodiment of the present invention.

FIG. 2 is a functional block diagram illustrating the process flow of an illustrative embodiment of the present invention.

FIG. 3 is a functional block diagram illustrating an exemplary financial network environment for an illustrative embodiment of the present invention.

FIG. 4 is a functional block diagram of a computer system illustrating an operating environment for illustrative embodiments of the program modules of the present invention.

FIG. 5 is an illustration of an exemplary Cash CardSM of the present invention.

FIG. 6 is an illustration of an exemplary anonymous Cash CardSM of the present invention.

FIG. 7 is a flow diagram illustrating an exemplary method for processing transactions associated with an anonymous Cash CardSM.

DETAILED DESCRIPTION

Members of the cash based society may avoid the above-described drawbacks associated with traditional banking relationships by conducting business with Licensed Money Transmitters. An example of a Licensed Money Transmitter is Western Union. A Licensed Money Transmitter is legally authorized to transmit funds, either by wire, facsimile, electronic transfer, courier or otherwise, within the United States or to or from locations outside the United States. A Licensed Money Transmitter may also be authorized to sell or issue checks, drafts, warrants, money orders, traveler's checks or other negotiable instruments. In some instances, a Licensed Money Transmitter may even be authorized to sell and/or exchange currency. Unlike traditional bank transactions, however, transactions handled by a Licensed Money Transmitter are not insured by the FDIC.

The present invention allows a Licensed Money Transmitter to accept from its consumers advance payments for negotiable instruments. By way of an online, non-interest bearing, non-FDIC insured transaction account, the Licensed Money Transmitter may provide payment instrument and money transmission services to its cash based consumers without the need for the qualifying/approval barriers, high costs, and intricate fee and reporting obstacles associated with a traditional banking relationship. The transaction account maintained by the Licensed Money Transmitter may be configured to accept deposits from a point of sale (POS) terminal at a retail establishment. In an exemplary embodiment, the transaction account may also be configured to indirectly accept direct deposits of funds, such as federal benefits checks and employee payroll checks.

The consumer may access his or her pre-paid negotiable instruments electronically via a POS terminal or an automated teller machine (ATM). Upon demand, a negotiable instrument, such as a money order, may be printed and cashed for the consumer at a

POS terminal by an agent of the Licensed Money Transmitter. Negotiable instruments may be printed in odd/specific amounts so that the customer may receive cash in odd/specific denominations for the purpose of paying bills, etc. Alternately, an ATM may dispense the requested cash to the consumer.

5 Since the transaction account maintained by the Licensed Money Transmitter is not built around the classic FDIC insured demand deposit account (DDA) structure, overall system costs, and ultimately consumer costs, are reduced. For example, because the funds deposited into the transaction account are considered as advance payments for negotiable instruments, no credit approvals are required. Also, because withdrawals from the transaction
10 account are processed on-line and in real time, mechanisms may be provided for ensuring that there are no account overdrafts. Without overdrafts, there is no need to worry about fees attributable to an overdrawn account status.

By establishing a non-banking service that offers POS and ATM access to cash, the present invention allows cash based consumers to avoid visitations to bank branches that may not be conveniently located. Instead, the cash based consumer may hear about the services of the present invention and receive enrollment materials at the same locations at which they conduct other financial or retail transactions, or through direct advertising. Consumers may transfer funds directly from the service desk (via a POS terminal) of a preferred retailer at a time of day that is convenient for their lifestyles. Consumers may also be provided with "VRU" or "Voice
15 24 x 7" services so as not to be made dependent only on ATMs and agents operating POS terminals.

As mentioned above, an exemplary transaction account may also be configured to indirectly accept direct deposit transactions. The transaction account is not configured to directly accept direct deposit transactions due to the desire of the cash based consumer to avoid a
25 traditional banking relationship. Various federal regulations, which are well known to those skilled in the art, require that certain direct deposit transactions involve FDIC insured bank accounts, and the like. For example, direct deposit of federal benefits checks may only be made into traditional FDIC insured bank accounts.

Similarly, banking industry requirements require that other types of direct deposit
30 transactions involve a traditional bank account. By way of illustration, direct deposit of payroll checks are made through an automated clearinghouse (ACH) system, which uses routing and transit (R&T) numbers and other data to effect the transfer of funds between accounts. R&T numbers are assigned exclusively to FDIC insured banks. Therefore, in order to meet the cash based consumer's demand for non-banking services, the Licensed Money Transmitter may

choose not to directly offer direct deposit capabilities that are subject to federal banking regulations and banking industry requirements.

The following description will hereinafter refer to the drawing, in which like numerals indicate like elements throughout the several figures. An exemplary flow of funds through an illustrative account system of the present invention is described with reference to the functional block diagram of FIG. 1. As shown, a transaction account **102** is established and maintained by a Licensed Money Transmitter or an agent thereof. The transaction account **102** may be thought of as a general account held in the name of the Licensed Money Transmitter. The general account may be divided into sub-accounts that are associated with individual consumers. Alternately, separate transaction **102** accounts may be established in the names of each individual consumer.

Due to various federal regulations and industry requirements, the transaction account **102** is not FDIC insured and is not authorized to accept funds that are transferred through the Automatic Clearinghouse (ACH) system of the federal reserve. The ACH is an electronic funds transfer system used by retail and commercial organizations. The ACH acts as a normal clearing house, receiving a transaction over the network and then splitting and routing the debit and credit portions of the transaction to the payer's and the payee's banks. Without ACH access, the transaction account **102** is not authorized to accept direct deposits of federal benefits checks, payroll checks from employers, or the like.

Accordingly, an exemplary embodiment of the present invention contemplates that a Licensed Money Transmitter will establish a communication channel with a traditional FDIC insured financial institution, such as a bank, in order to service direct deposit customers. The bank will maintain an FDIC insured bank account **104**, which may either be held in the name of the Licensed Money Transmitter or in the name of an individual consumer. The bank account **104** is capable of accepting federal benefit direct deposits **106** and payroll direct deposits **108**, as well as any other type of federally regulated or banking industry standardized transfer of funds. The communication channel between the Licensed Money Transmitter and the bank may allow the Licensed Money Transmitter to monitor the bank account **104** for incoming direct deposit transactions.

In an exemplary embodiment of the present invention, incoming direct deposit transactions are "swept" from the bank account **104** into the transaction account **102**. In other words, funds that are deposited in the bank account **104** are instantly transferred into the transaction account **102**. The instant transfer of funds avoids capitalization of the bank, i.e., no interest on the funds is accumulated. Accordingly, the communication channel between the Licensed Money Transmitter and the bank allows customers of the Licensed Money Transmitter

to take advantage of direct deposit mechanisms, without themselves having to become customers of a bank. In addition, non-direct deposit funds may be deposited into the transaction account **102** via a POS terminal **112** or via any other bank **114** or financial institution.

Funds that are held in the transaction account **102** may be dispersed to the customer through a POS terminal **112** operated by an agent of the Licensed Money Transmitter, or through a traditional ATM **116**. POS terminals **112** and ATMs **116** allow a consumer to conduct a transaction from remote locations. ATMs comprise computer terminals that may be configured for remote access, directly or indirectly through switching networks, to a financial account of the consumer, such as a bank account **104** or a transaction account **102**. Similarly, POS devices **112** comprise computer terminals located at a merchant's place of business which allow access to a consumer's account information stored in a computer within a network of financial institutions, to permit the transfer of funds from the consumer's account to the merchant's account.

FIG. 2 illustrates the process flow of an account sweep control module **210**, which may be implemented through one or more software program modules. The account sweep control module **210** facilitates communications between a bank computer system **212** and a Licensed Money Transmitter (LMT) computer system **214**. In particular, the account sweep control module **210** facilitates the transfer of funds between a bank account **104** accessible by the bank computer system **212** and a transaction account **102** accessible by the Licensed Money Transmitter computer system **214**. The account sweep control module **210** may be implemented as a component of the Licensed Money Transmitter computer system **214**, as a component of the bank computer system **212**, or as a component of a distinct computer system. The account sweep control module **210** is configured to monitor the bank account **104** in order to detect the posting of a credit to the bank account **104**. As shown in step **201**, an exemplary embodiment of the account sweep control module **210** receives a notification from the bank computer **212** whenever a credit is posted to the bank account **104**. Methods of configuring the software and hardware of the bank computer system **212** to send a notification to the account sweep control module **210** upon the posting of a credit to the bank account **104** will be apparent to those skilled in the art.

When a notification of a posted credit is received, the exemplary account sweep control module **210** communicates with the bank computer **212** at step **202** in order to post a debit to the bank account **104**. In the ideal situation, the credit of funds exists in the bank account **104** for a period of time that is on the order of a fraction of a second prior to the posting of the debit. The credit of funds posted to the bank account **104** may be in any "amount X." The subsequent debit posted by the account sweep control module **210** to the bank account **104** is in the total "amount X." Accordingly, the bank account **104** is "zeroed out" and, except for a

fraction of a second or so, maintains a balance of zero. The debit is posted to the bank account **104** instantly so as to avoid capitalization of the bank.

At step **203**, the exemplary account sweep control module **210** communicates with the Licensed Money Transmitter computer system **214** in order to post a credit of the total “amount X” into the transaction account **102**. The transaction account **102** is a holding or escrow account that is used to store the funds of the consumer. The transaction account **102** does not accrue interest and does not function as a traditional bank account. The funds in the transaction account **102** may represent prepaid negotiable instruments that may be issued to the consumer via a POS terminal **112** operated by an agent of the Licensed Money Transmitter.

When a consumer requests the issuance of a prepaid negotiable instrument, a request for authorization to issue the negotiable instrument may be transmitted from a POS terminal **112** to a transaction control module **211**. A transaction control module may be implemented through one or more software program modules. The transaction control module **211** may be implemented as a component of the Licensed Money Transmitter computer system **214**, or as a component of a distinct computer system. A transaction control module **211** is configured to interact with the transaction account **102** and POS terminals **112** in order to manage transactions. By way of illustration, a POS terminal **112** may request authorization to issue a negotiable instrument of amount “Y,” as shown in step **204**. The transaction control module **211** accepts the request for authorization and communicates at step **205** with the Licensed Money Transmitter computer system **214** in order to verify that the balance of the transaction account **102** equals or exceeds the requested amount “Y” plus any transaction fees charged by the Licensed Money Transmitter. The transaction control module **211** may also be responsible for verifying that the customer requesting the negotiable instrument is in fact authorized to receive the negotiable instrument. For example, the customer may be required to provide a personal identification number (PIN) and an account code, which may be transmitted from the POS terminal **112** to the transaction control module **211**. The transaction control module **211** may communicate with a database (not shown) hosted by the Licensed Money Transmitter computer system **214** in order to determine whether the PIN and account code provided by the customer are authentic. Additional details regarding security features of the illustrative embodiments of the present invention will be describe below.

If the balance in the transaction account **102** equals or exceeds the requested amount “Y” plus any transaction fees, the transaction control module **211** transmits to the POS terminal **112** an authorization to issue the requested negotiable instrument, as shown in step **206**. However, if the balance in the transaction account **102** is less than the requested amount “Y” plus any transaction fees, the transaction control module **211** will not authorize the issuance of

the requested negotiable instrument. As mentioned, the funds held in the transaction account **102** are considered to represent prepaid negotiable instruments. Therefore, the transaction account **102** will not be debited in any amount that exceeds the prepaid value of the negotiable instruments plus any transaction fees. Transaction fees may be charged at the time of the transaction so as to avoid the situation where the transaction account **102** is depleted and the customer owes a debt to the Licensed Money Transmitter. Ensuring that the transaction account **102** is never overdrawn avoiding the need to charge additional service fees associated with an overdraw account status.

After receiving authorization to issue the requested negotiable instrument, the agent of the Licensed Money Transmitter operating the POS terminal **112** prints and cashes the negotiable instrument in the amount “Y” plus any transaction fees. The agent may then retain any transaction fees and provide the remainder of the cash to the consumer. At step **207**, the POS terminal **112** notifies the transaction control module **211** that the negotiable instrument has been issued. Then, at step **208** the transaction control module **211** communicated with the Licensed Money Transmitter computer system **214** in order to post a debit in the amount “Y” plus any transaction fees to the transaction account **102**.

The exemplary embodiments described with respect to FIG. 1 and FIG. 2 include a two account structure (i.e., a bank account **104** and a transaction account **102**) and an account sweep control module **210**. It will be appreciated to those of ordinary skill in the art that the two account structure and the account sweep control module **210** are not necessary in situations where there is no desire to indirectly provide direct deposit capabilities. Various features and aspects of the present invention may be implemented in systems that do not require such direct deposit capabilities. In addition, it should be appreciated that the functionality of the account sweep control module **210** and the transaction control module **211** has been provided by way of example only. Additional functions may be performed by either module without limitation of the scope of the present invention.

FIG. 3 is an overview of an exemplary Licensed Money Transmitter network environment **300** that may host a system in accordance with the illustrative embodiments of the present invention. A POS terminal **112** communicates with a Tandem computer system **302** via a network **303**. The Tandem computer system **302** may be in communication with, or may comprise a part of, the Licensed Money Transmitter computer system **214**. Although the functionality of a “Tandem” brand computer system is a well-known in the art, as used herein a Tandem computer system **302** may refer to any generic network server system. A POS terminal **112** generally includes a printer **304** and a control terminal **306**. The control terminal **306** typically comprises a keypad, a display, a modem, a memory, and a processor. The control

terminal **306** may communicate print commands to the printer **304** via, for example, an RS-232 link or other suitable communications link. The control terminal **306** manages negotiable instrument transactions and stores data in a memory.

A profile database management system **312** may be provided for management of the POS terminals **112**. In manners well known in the art, software updates and other data may be downloaded from the profile database management system **312** to a POS terminal **112**. Such software updates and other data may be generated and stored in the profile database management system **312** by a Licensed Money Transmitter support personnel system **310**. The Licensed Money Transmitter support personnel system **310** may include personal computers **310a** operated by support personnel and telephones **310b** manned by support personnel or linked to VRU systems. The Licensed Money Transmitter support personnel system **310** may be coupled to the profile database management system **312** via a local area network (LAN) or other private communications link. The Licensed Money Transmitter support personnel system **310** may also be linked to the network **303**, so as to be accessible to customers via telephone systems.

At predetermined times, the control terminal **306** of the POS terminal **112** transmits its data to the Tandem computer system **302** via the network **303**. The Tandem computer system **302** creates a batch file comprising data received from many POS terminals **112**. The Tandem computer system **302** typically forwards batch files to the appropriate component of the Licensed Money Transmitter computer system **214** at predetermined times. For security purposes, the Tandem computer system **302** may transmit a batch file to the Licensed Money Transmitter computer system **214** via a private network or other private communications link.

The Licensed Money Transmitter computer system **214** is configured for, among other things, accessing the transaction account **102** maintained by the Licensed Money Transmitter. The transaction account **102** may be physically stored in a memory device in communication with the Licensed Money Transmitter computer system **214**. The Licensed Money Transmitter computer system **214** may also host a database **316** of account codes, PINs, and other customer/account information. Such customer/account information may be used for security purposes and to monitor the nature and frequency of transactions performed by each customer.

The Licensed Money Transmitter computer system **214** may also comprise or be in communication with the account sweep control module **210**. The account sweep control module **210** is in turn in communication with the bank computer system **212**. The bank computer system **212** is configured for, among other things, accessing the bank account **104**,

which may physically be stored in a memory device in communication with the bank computer system **212**.

The Tandem computer system **302** may be in communication with the transaction control module **211**. Thus, communications to and from the POS terminal **112** may be routed from and to the transaction control module **211** via the Tandem computer system **302**. As mentioned, the transaction control module **211** is configured to manage transactions involving deposits into and withdraws from the transaction account **102**. Although shown as being a distinct network component, those skilled in the art should appreciate that the transaction control module **211** may alternately be implemented as a component of either the Tandem computer system **302** or the Licensed Money Transmitter computer system **214**.

FIG. 4 and the following discussion are intended to provide a brief and general description of a suitable computing environment for implementing various aspects of the present invention embodied in software program modules, namely the exemplary account sweep control module **210** and the exemplary transaction control module **211**. Although the system shown in FIG. 4 is a conventional computer **400**, those skilled in the art will recognize that the invention also may be implemented using other types of computer system configurations. The computer **400** includes a central processing unit **422**, a system memory **420**, and an Input/Output ("I/O") bus **426**. A system bus **421** couples the central processing unit **422** to the system memory **420**. A bus controller **423** controls the flow of data on the I/O bus **426** and between the central processing unit **422** and a variety of internal and external I/O devices. The I/O devices connected to the I/O bus **426** may have direct access to the system memory **420** using a Direct Memory Access ("DMA") controller **424**.

The I/O devices are connected to the I/O bus **426** via a set of device interfaces. The device interfaces may include both hardware components and software components. For instance, a hard disk drive **430** and a floppy disk drive **432** for reading or writing removable media **450** may be connected to the I/O bus **426** through a disk drive controller **440**. An optical disk drive **434** for reading or writing optical media **452** may be connected to the I/O bus **426** using a Small Computer System Interface ("SCSI") **441**. The drives and their associated computer-readable media provide nonvolatile storage for the computer **400**. In addition to the computer-readable media described above, other types of computer-readable media may also be used, such as ZIP drives or the like.

A display device **453**, such as a monitor, is connected to the I/O bus **426** via another interface, such as a video adapter **442**. A parallel interface **443** connects synchronous peripheral devices, such as a laser printer **456**, to the I/O bus **426**. A serial interface **444** connects communication devices to the I/O bus **426**. A user may enter commands and

information into the computer **400** via the serial interface **444** using an input device, such as a keyboard **438**, a mouse **436** or a modem **457**. Other peripheral devices (not shown) may also be connected to the computer **400**, such as audio input/output devices or image capture devices.

A number of software program modules may be stored on the drives and in the system memory **420**. The system memory **420** can include both Random Access Memory ("RAM") and Read Only Memory ("ROM"). The software program modules control the manner in which the computer **400** functions and interacts with the user, with I/O devices or with other computers. Software program modules include routines, operating systems **465**, application programs, data structures, and other software or firmware components. In an exemplary embodiment, the present invention may include one or more account sweep control modules **210** and one or more transaction control modules **211**. The one or more account sweep control modules **210** may comprise computer executable instructions for facilitating communications between a bank computer system **212** and a Licensed Money Transmitter computer system **214**. The one or more account sweep control modules **210** may further comprise computer executable instructions for monitoring credits posted to a bank account **104**, posting debits to the bank account **104** and posting credits to the transaction account **102**, as previously described. The one or more transaction control modules **211** may comprise computer executable instructions for facilitating communications between a POS terminal **112** or an ATM **116** and a Licensed Money Transmitter computer system **214**, as previously described.

Many or most of the software-controlled operations performed by the exemplary software program modules of the present invention are conventional and well-known in the industry. For example, it is conventional and well known to communicate standard ATM and POS messages between a computer system and an ATM network using conventional off-the-shelf ATM and POS software. In an exemplary embodiment, the computer **400** also includes such conventional software to generate and communicate appropriate messages. Conventional software packages also exist which perform a variety of exceedingly complex but entirely conventional functions (e.g., maintaining audit trails to ensure transaction reliability, maintaining user account and vender files, provide clearing information, etc.). Such conventional software program modules may also be executed by the computer **400** in an exemplary embodiment. Conventional database management systems may also be executed by the computer **400** for maintaining customer/account information.

The computer **400** may operate in a networked environment using logical connections to one or more remote computers, such as remote computer **460**. The remote computer **460** may be a server, a router, a peer device or other common network node, and typically includes many or all of the elements described in connection with the computer **400**. In

a networked environment, program modules and data may be stored on the remote computer **460**. The logical connections depicted in FIG. 4 include a local area network ("LAN") **454** and a wide area network ("WAN") **455**. In a LAN environment, a network interface **445**, such as an Ethernet adapter card, can be used to connect the computer **400** to the remote computer **460**. In a

5 WAN environment, the computer **400** may use a telecommunications device, such as a modem **457**, to establish a connection. It will be appreciated that the network connections shown are exemplary and other means of establishing a communications link between the computers may be used.

Aspects of the present invention may be implemented by way of any account identifying mechanism, such as a plastic card issued to a particular consumer. As shown in FIG. 5, in an exemplary embodiment a consumer is provided with a Cash CardSM **500** that includes identifying information on the front and an encoded magnetic strip on the reverse. Identifying information may include an account identification code **502** and a customer name and number **504**. The identifying information may be used to associate a transaction account **102** or a sub-account thereof with the particular consumer.

10 15

From the consumer's point of view, funds may be loaded onto and off-loaded from the Cash Card **500** at any time. Thus, the Cash Card **500** eliminates the cash based consumer's need to carry large amounts of cash on his or her person. As previously described, the consumer may authorize the deposit of funds into a transaction account **102** associated with the Cash Card **500** in various ways, such as through direct deposit transactions, POS transactions, ATM transactions, etc. Subsequently, upon presentation of a Cash Card **500** or other account identifier and a personal identification number (PIN), the consumer may access the funds that are stored in his or her name in the transaction account **102**.

20

To request a withdrawal of funds from the transaction account **102**, a consumer may present the Cash Card **500** to an agent of the Licensed Money Transmitter operating a POS terminal **112**. Alternately, the Cash Card may be presented at an ATM **116**. The account identification code **502** may be read by the agent or an automated reader from the front of the Cash Card **500** or from the encoded magnetic strip on the reverse of the Cash Card **500**. The account identification code **502**, a PIN obtained from the consumer, and other data, such as a requested amount of funds, are transmitted to the transaction control module **211** as a request for issuance of a negotiable instrument. As described previously, the transaction control module **211** interacts with the Licensed Money Transmitter computer system **214** in order to effect an electronic transfer of funds from the transaction account **102** to the POS terminal **112** or the ATM **116** that generated the request for funds. In a similar fashion, the Cash Card **500** may be

25 30

presented to an agent at a POS terminal **112**, an ATM **116**, or a teller at a bank **114** in order to conduct a transaction for the deposit of funds into the transaction account **102**.

Accordingly, in one embodiment of the present invention, a Cash Card **500** is issued in the name of a particular consumer upon that consumer's enrollment as a customer of the Licensed Money Transmitter. Enrollment may entail the provision of certain customer information, such as name, address, phone number, social security number, etc. For liability and/or security purposes, the Licensed Money Transmitter may require some or all of the above-listed customer information prior to providing a consumer with full privileges for depositing and withdrawing funds into and out of the transaction account **102**.

As shown in FIG. 6, an alternate embodiment of the present invention involves the issuance of an anonymous Cash Card **600**. An anonymous Cash Card **600** includes an account identification code **602** and an anonymous customer indicator **604**. An anonymous Cash Card **600** may be associated with an anonymous transaction account or an anonymous sub-account within the transaction account **102**. The anonymous account is identified only by an account code and a PIN that is provided to the consumer of the anonymous Cash Card **600**. The anonymous Cash Card **600** may be a one-load Cash Card, meaning that funds may be deposited into the associated anonymous transaction account only one time. Once the initially loaded funds are depleted from the anonymous transaction account, the anonymous Cash Card **600** is no longer valid (unless it is converted to a "regular" Cash Card **500**, as will be described below).

An anonymous Cash Card **600** may be sold or otherwise provided to a consumer, who may then request that a particular amount of funds be loaded onto the anonymous Cash Card **600**. The consumer of the anonymous Cash Card **600** is provided with a PIN, which may be used to authorize loading of the anonymous Cash Card **600**. Funds to be loaded onto the anonymous Cash Card **600** are collected by, for example, an agent of the Licensed Money Transmitter. A credit in the amount of the collected funds is then posted to the anonymous transaction account in the manner previously described. In accordance with one embodiment of the present invention, an anonymous Cash Card **600** may be loaded by the consumer only at a POS terminal **112**. Given the anonymous nature of anonymous Cash Card **600** transactions, no direct deposit capabilities are provided.

The funds to be loaded onto the anonymous Cash Card **600** may be limited to specific or incremental dollar amounts. For example, it may be a policy of the Licensed Money Transmitter that no anonymous Cash Card **600** may be loaded with more than a predetermined value. Alternately, an anonymous Cash Card **600** having a first load limit may be sold to consumers for a first price, while an anonymous Cash Card **600** having a second load limit may be sold to consumers for a second price, etc. In another embodiment, an anonymous Cash Card

600 may be pre-loaded with a particular amount of funds. In this manner, the Licensed Money Transmitter may store funds of a predetermined amount in the anonymous transaction account associated with the anonymous Cash Card **600**. Then, the pre-loaded anonymous Cash Card **600** may be sold to a consumer for a price equal to the predetermined amount plus any additional service fees.

As mentioned, an anonymous Cash Card **600** may expire upon depletion of the initially loaded funds. An expired anonymous Cash Card **600** may no longer be used by the consumer to deposit funds into or withdraw funds from a transaction account **102**. However, the present invention contemplates that an anonymous Cash Card **600** may be converted into a “regular” Cash Card **500** that carries full reload and access privileges, including direct deposit capabilities. Conversion from an anonymous Cash Card **600** to a regular Cash Card **500** requires that the consumer enroll as a customer of the Licensed Money Transmitter. As mentioned above, enrollment entails providing certain customer and account specific information. Enrollment may be performed over the telephone, via the mail, or through any other suitable communications medium. When the consumer has successfully enrolled as a customer, the Licensed Money Transmitter may provide the customer with a new Cash Card **500** and PIN. As is well known in the art, the customer may choose the PIN to be associated with his or her transaction account **102**. Alternately, although less desirably, the newly-enrolled customer may continue to use the original anonymous Cash Card **600** and the associated PIN as if it were a regular Cash Card **500**.

FIG. 7 is a flow chart illustrating an exemplary method for processing transactions associated with an anonymous Cash Card **600**. From starting block **701**, the method advances to step **702** where an anonymous sub-account is established within the transaction account **102**. The anonymous sub-account is identified only by an account code and is not associated with any consumer identifying information. At step **704**, the anonymous Cash Card **600** is sold to a consumer. Along with the anonymous Cash Card, the consumer is also provided a PIN that authorizes access to the anonymous sub-account.

The consumer may then request an initial load of the anonymous Cash Card **600** by presenting the anonymous Cash Card **600**, PIN, and funds to an agent of the Licensed Money Transmitter. At step **706**, a credit in the amount of the consumer’s initial funds deposit is posted to the anonymous sub-account associated with the anonymous Cash Card **600**. Once funds are loaded onto the anonymous Cash Card **600**, the method proceeds to step **708**, where withdrawals may be made until the initial funds have been depleted. At step **710** a determination is made as to whether the consumer has enrolled as a customer of the Licensed Money Transmitter. If the

consumer has not enrolled, the method proceeds to step **712** where the anonymous sub-account is closed and the anonymous Cash Card **600** is considered to be expired.

However, if the consumer has enrolled as a customer of the Licensed Money transmitter, the method proceeds to step **714**, where the anonymous sub-account is converted into a non-anonymous sub-account associated with customer identifying information. Then at step **716**, the non-anonymous sub-account is authorized to receive additional deposits from the customer. At step **718**, the customer may be provided with a new non-anonymous Cash Card **500** that is issued in the customer's name and has customer/account information encoded on a magnetic strip or other data storage mechanism. The method ends at step **719**.

From a reading of the description above pertaining to the disclosed embodiments of the present invention, modifications and variations thereto may become apparent to those skilled in the art. Other alternatives and variations may also become apparent to those of ordinary skill in the art upon a close examination of this specification in view of the drawings. It should be appreciated that many features and aspects of the present invention were described above by way of example only and are therefore not intended to be interpreted as required or essential elements of the invention. Any elements of the invention that are required or essential would have been explicitly indicated to be so, for example by describing that the element "must" be included. Therefore, the scope of the present invention is to be limited only by the following appended claims.

CLAIMS.

We claim:

1. A method of issuing a negotiable instrument to an individual comprising:
detecting a direct deposit of funds into a first account associated with the individual and

5 maintained by a first entity;

in response to the direct deposit of funds into the first account, transferring the total amount of the funds into a second account associated with the individual and maintained by a second entity, the total amount of the funds being added to a balance of the second account;

10 detecting a request by the individual for the issuance of a requested negotiable instrument having a value;

in response to the request, determining that the value of the requested negotiable instrument is not in excess of the balance of the second account;

authorizing the issuance of the requested negotiable instrument to the individual; and

15 in response to the issuance of the requested negotiable instrument, debiting the balance of the second account by the value of the requested negotiable instrument.

2. The method of claim 1, wherein detecting the direct deposit of funds into the first account comprises detecting a credit in the total amount of the funds posted in the first account; and

20 wherein automatically transferring the total amount of the funds into the second account comprises posting a debit in the total amount of the funds in the first account and posting a credit in the total amount of the funds in the second account.

25 3. The method of claim 1, wherein the first entity is subject to federal banking regulations and wherein the second entity is not subject to federal banking regulations.

4. The method of claim 3, wherein the first entity is a bank and wherein the second entity is a licensed money transmitter.

30 5. The method of claim 1, wherein determining that the value of the requested negotiable instrument is not in excess of the balance of the second account comprises determining that the value of the requested negotiable instrument plus any fees charged to the individual is not in excess of the balance of the second account.

6. The method of claim 1, wherein the individual requests the issuance of multiple negotiable instruments;

wherein determining that the value of the requested negotiable instrument is not in excess of the balance of the second account comprises determining that the aggregate value of the requested multiple negotiable instruments is not in excess of the balance of the second account;

wherein authorizing the issuance of the requested negotiable instrument to the individual comprises authorizing the issuance of the requested multiple negotiable instruments to the individual; and

wherein debiting the balance of the second account by the value of the requested negotiable instrument comprises debiting the balance of the second account by the aggregate value of the requested multiple negotiable instruments.

7. The method of claim 6, wherein determining that the aggregate value of the requested multiple negotiable instruments is not in excess of the balance of the second account comprises determining that the aggregate value of the requested multiple negotiable instruments plus any fees charged to the individual is not in excess of the balance of the second account.

8. The method of claim 1, further comprising:

detecting a balance increase request by the individual, the balance increase request indicating that the balance of the second account is to be increased by a requested amount and that the individual has tendered a payment in the requested amount;

in response to the balance increase request, crediting the requested amount to the second account.

9. The method of claim 1, wherein determining that the value of the requested negotiable instrument is not in excess of the balance of the second account comprises:

receiving a PIN and an account number,

determining that the account number identifies the second account;

determining that the PIN identifies the individual as being authorized to access the second account; and

comparing the value of the requested negotiable instrument to the balance of the second account.

10. A method for issuing a prepaid negotiable instrument to an individual, prepayment of the prepaid negotiable instrument occurring when a direct deposit of funds into a first account maintained by a first entity is swept into a second account maintained by a second entity, the method comprising:

- 5 receiving from the individual a card bearing an account number;
- receiving from the individual a PIN;
- based on the account number and the PIN, requesting authorization for the issuance of a negotiable instrument to the individual in a requested amount;
- receiving an authorization to issue the negotiable instrument, the authorization indicating
- 10 that the requested amount plus any fees charged to the individual is not in excess of a balance of the second account;
- in response to the authorization, issuing the negotiable instrument to the individual; and
- in response to issuing the negotiable instrument, issuing a notification that the negotiable instrument has been issued and that the second account is to be debited in the requested amount.

15 11. The method of claim 10, further comprising cashing the issued negotiable instrument and providing the individual with cash.

- 12. The method of claim 10, further comprising:
- 20 receiving a request from the individual to increase the balance of the second account in a requested amount;
- determining that the individual is authorized to increase the balance of the second account;
- receiving from the individual a payment in the requested amount;
- 25 generating a balance increase request requesting that the second account be credited in the requested amount.

13. A negotiable instrument payment system comprising:

a first account maintained by a first entity and hosted by a first entity computer system,
the first account capable of receiving a direct deposit of funds;

a second account maintained by a second entity and hosted by a second entity computer
5 system;

an account sweep control module in communication with the first entity computer system
and the second entity computer system and configured for detecting the direct deposit of the
funds into the first account and for transferring the total amount of the funds into the second
account, the total amount of the funds being added to a balance of the second account;

10 a transaction control module in communication with the second entity computer system
and a POS terminal, the POS terminal comprising a negotiable instrument printer for issuing
negotiable instruments;

wherein the transaction control module detects a request from the POS terminal for the
issuance of a requested negotiable instrument having a value;

15 wherein the transaction control module communicates with the second entity computer
system to determine that the value of the requested negotiable instrument plus any fees charged
to the individual is not in excess of the balance of the second account;

wherein the transaction control module authorizes the POS terminal to issue the requested
negotiable instrument to the individual;

20 wherein the POS terminal issues the negotiable instrument; and

wherein the transaction control module communicates with the second entity computer
system to debit the balance of the second account by the value of the requested negotiable
instrument.

25 14. The system of claim 13, wherein detecting the direct deposit of funds into the first
account comprises detecting a credit in the total amount of the funds posted in the first account;
and

wherein transferring the total amount of the funds into the second account comprises
posting a debit in the total amount if the funds in the first account and posting a credit in the total
30 amount of the funds in the second account.

15. The system of claim 13, wherein the first entity is subject to federal banking
regulations and wherein the second entity is not subject to federal banking regulations.

35 16. The system of claim 13, wherein the first entity is a bank and wherein the second
entity is a licensed money transmitter.

17. The system of claim 13, wherein the transaction control module is further operable for:

detecting a balance increase request from the POS terminal, the balance increase request indicating that the balance of the second account is to be increased by a requested amount and that the individual has tendered a payment in the requested amount; and

in response to the balance increase request, communicating with the second entity computer system to credit the requested amount to the balance of the second account.

18. The system of claim 13, wherein determining that the value of the requested negotiable instrument plus any fees charged to the individual is not in excess of the balance of the second account comprises:

receiving a PIN and an account number from the POS terminal;

communicating with the second entity computer system to determine that the account number identifies the second account;

communicating with the second entity computer system to determine that the PIN identifies the individual as being authorized to access the second account; and

communicating with the second entity computer system to compare the value of the requested negotiable instrument plus any fees to the balance of the second account.

19. A method for conducting anonymous transactions with an individual comprising:

providing an anonymous account identified by an account number;

providing the individual with the account number and a PIN;

upon verification of the PIN and the account number, authorizing the individual to make an initial deposit of funds into the anonymous account;

upon verification of the PIN and the account number, authorizing the issuance of negotiable instruments to the individual in an amount not exceeding the initial deposit of funds; and

when the issuance of negotiable instruments has depleted the initial deposit of funds, closing the anonymous account.

20. The method of claim 19, further comprising:

determining that the individual has provided personal identifying information and a request to establish a non-anonymous account;

providing a non-anonymous account associated with the individual and having a second account number and a second PIN; and

upon verification of the second account number and the second PIN, authorizing the individual to make subsequent deposits of funds into the non-anonymous account.

21. The method of claim 20, wherein the non-anonymous account is maintained by a non-bank entity and is not authorized to accept direct deposits of funds; and

wherein the method further comprises providing a communications link between the non-anonymous account and a bank account authorized to accept direct deposits of funds, whereby the communications link allows direct deposits of funds into the bank account to be swept into the non-anonymous account.

ABSTRACT OF THE DISCLOSURE **CASH CARD**

An account structure is provided that allows a non-bank entity to indirectly provide direct deposit capabilities for funds representing pre-payments for negotiable instruments. When a direct deposit of funds into a first account associated with the individual and maintained by a first entity is detected, the total amount of the funds is transferred into a second account associated with the individual and maintained by a second entity. The first entity is a bank or other financial institution subject to federal banking regulations, while the second entity is not subject to federal banking regulations. The individual may withdraw the funds from the second account by requesting the issuance of negotiable instruments. Negotiable instruments may be issued in any dollar amount not exceeding the balance of the second account. A properly enrolled customer may make subsequent deposits into the second account.

Anonymous transactions regarding prepaid negotiable instruments may also be conducted. An anonymous account may be provided that is identified by an account number. Upon verification of a PIN and the account number, an individual is authorized to make an initial deposit of funds into the anonymous account, representing a pre-payment for negotiable instruments. The individual is thus authorized to request the issuance of negotiable instruments in an amount not exceeding the initial deposit of funds. When the issuance of negotiable instruments has depleted the initial deposit of funds, the anonymous account is closed. However, the anonymous account may be converted into a non-anonymous account, capable of accepting subsequent deposits, if the individual provides personal identifying information. While an anonymous account is not authorized to accept direct deposits of funds, the non-anonymous account may be linked to a traditional bank account, via a communications link, so as to indirectly offer direct deposit capabilities.

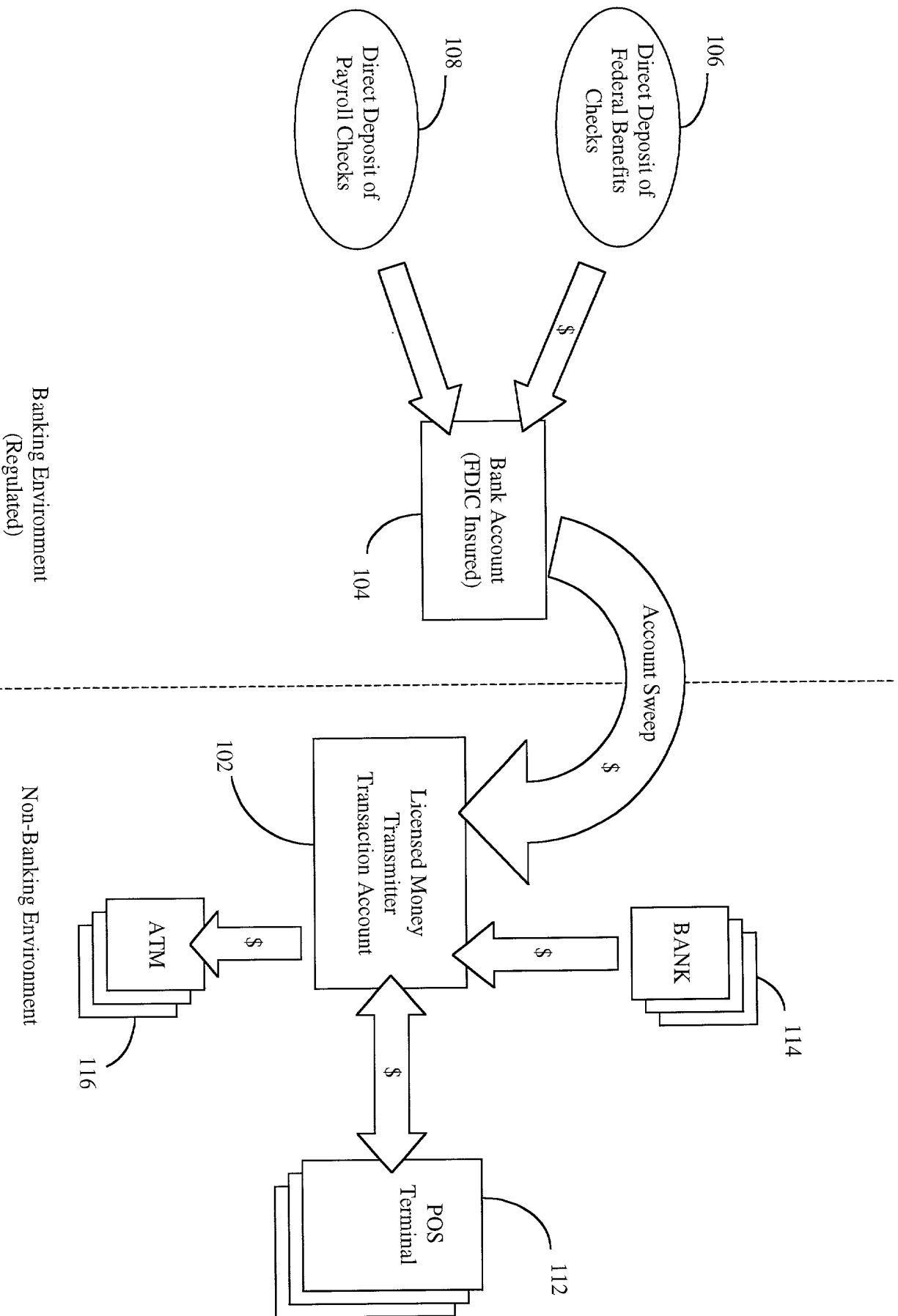


FIG. 1

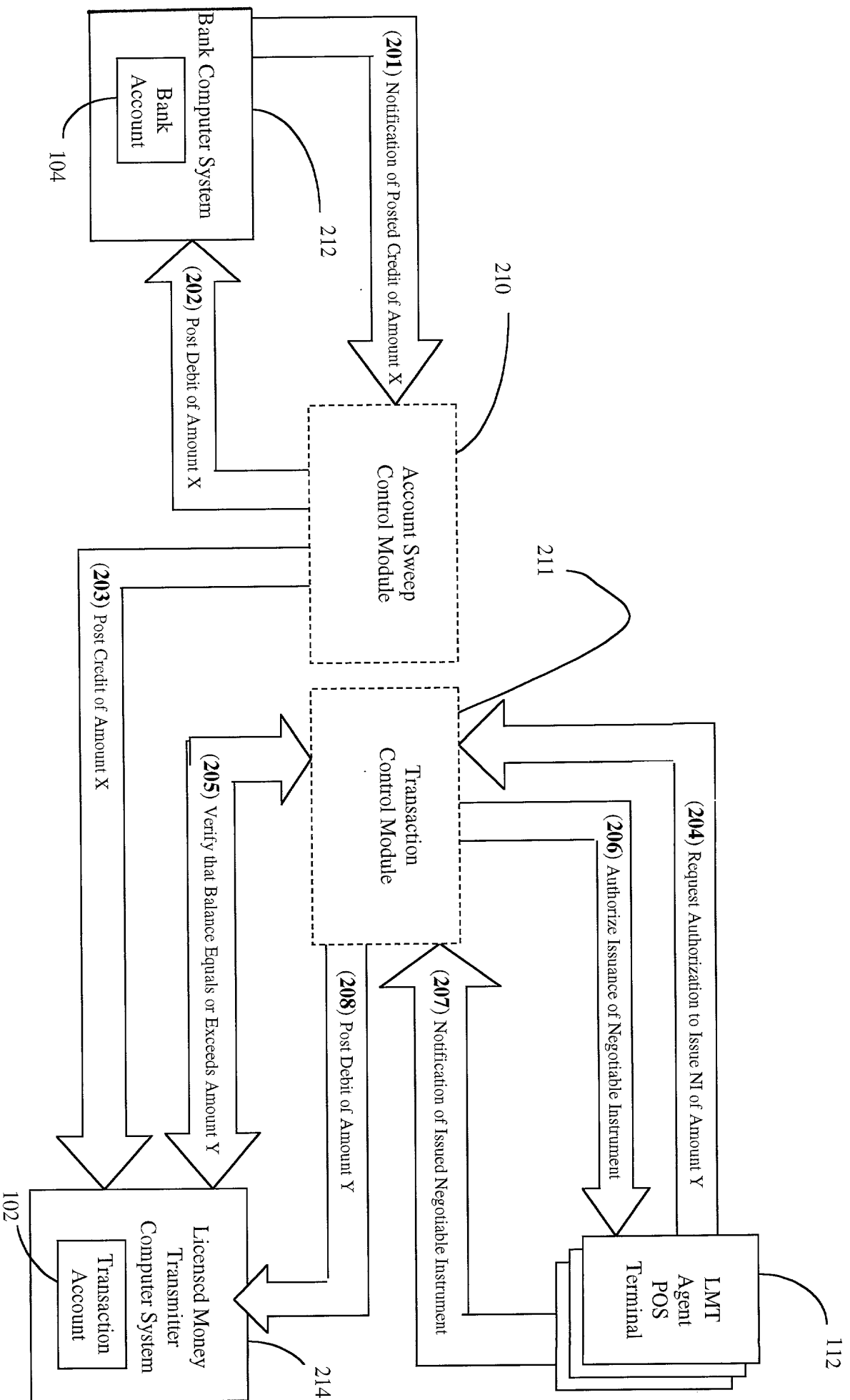


FIG. 2

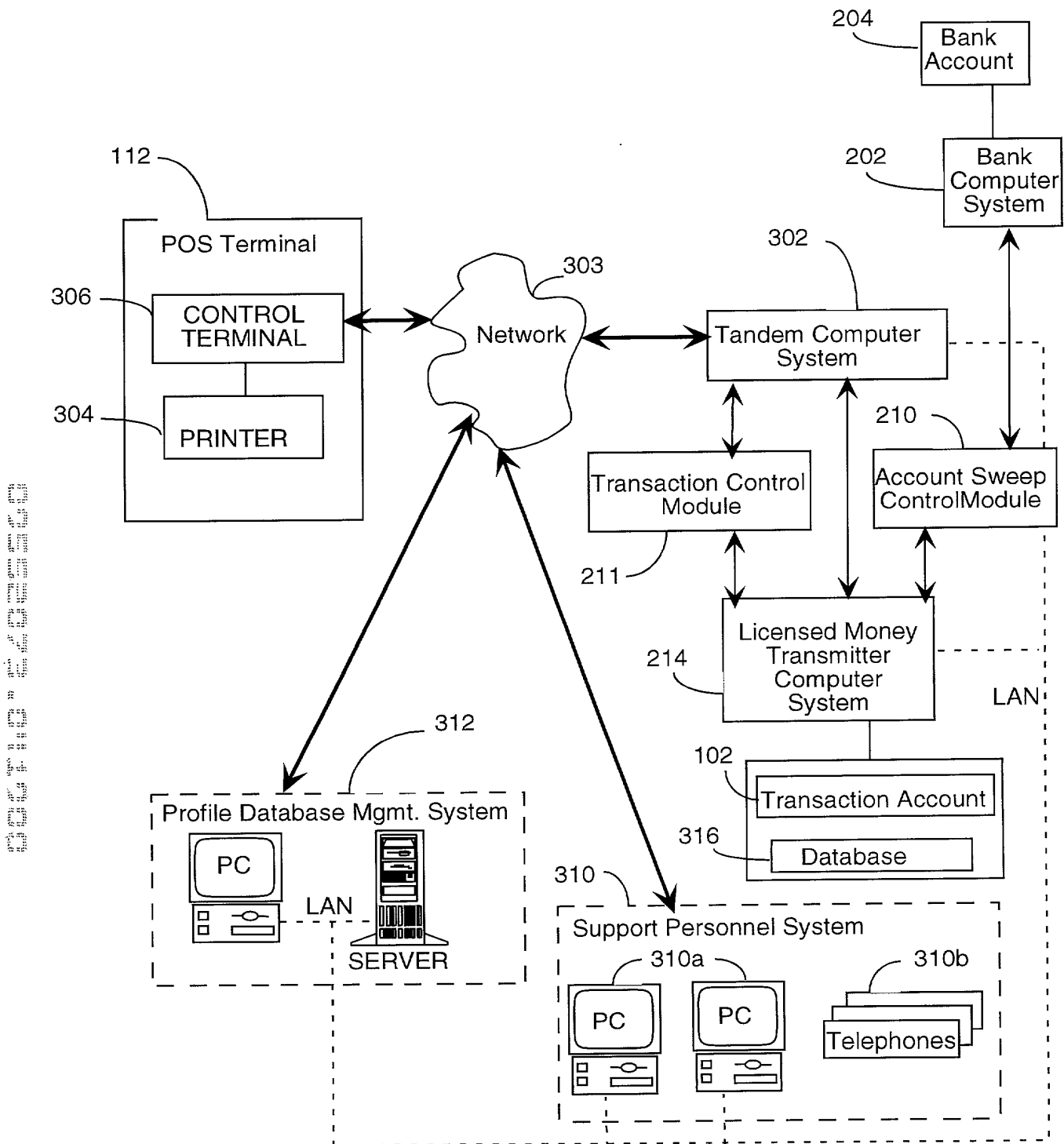


FIG. 3

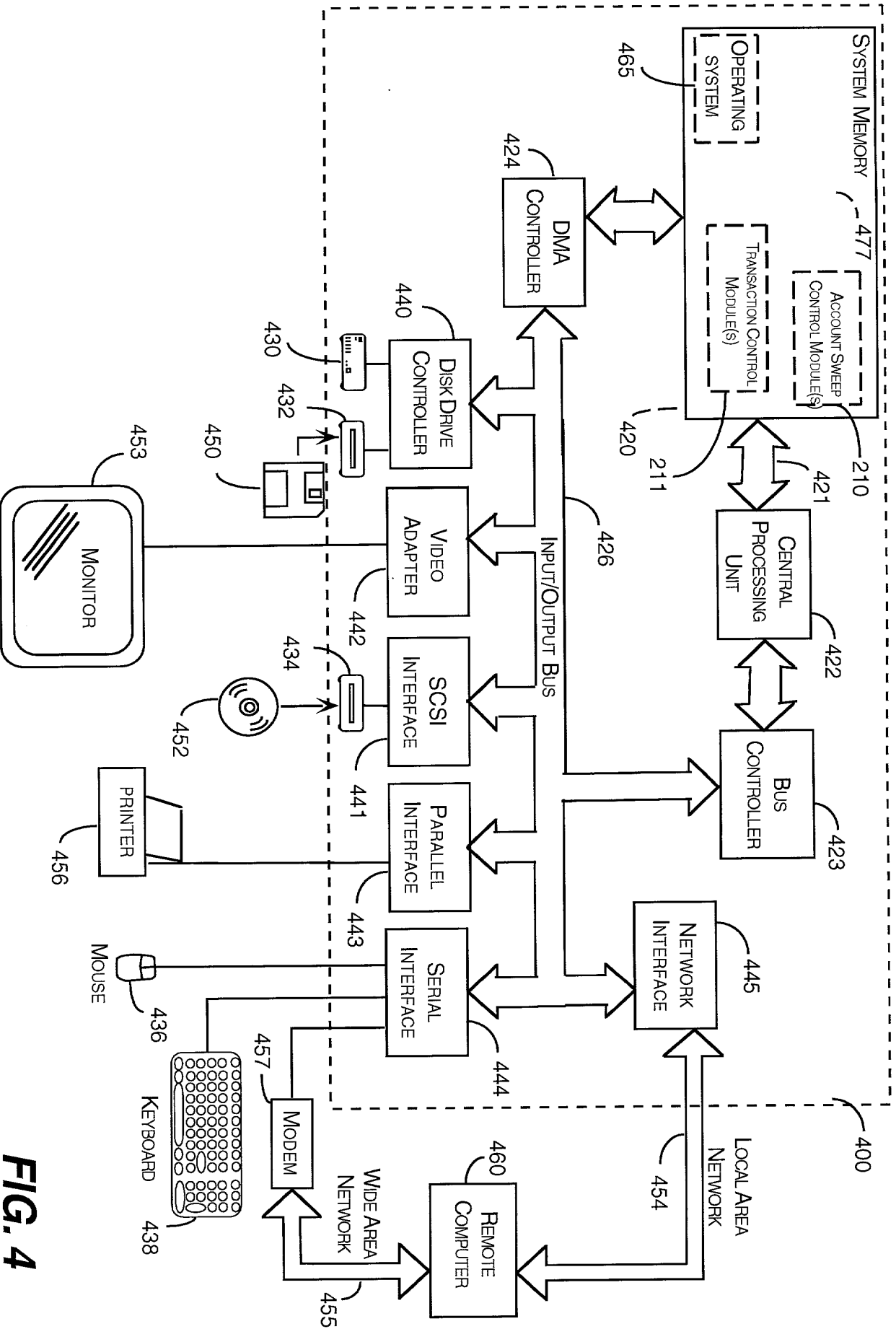


FIG. 4



FIG. 5



FIG. 6

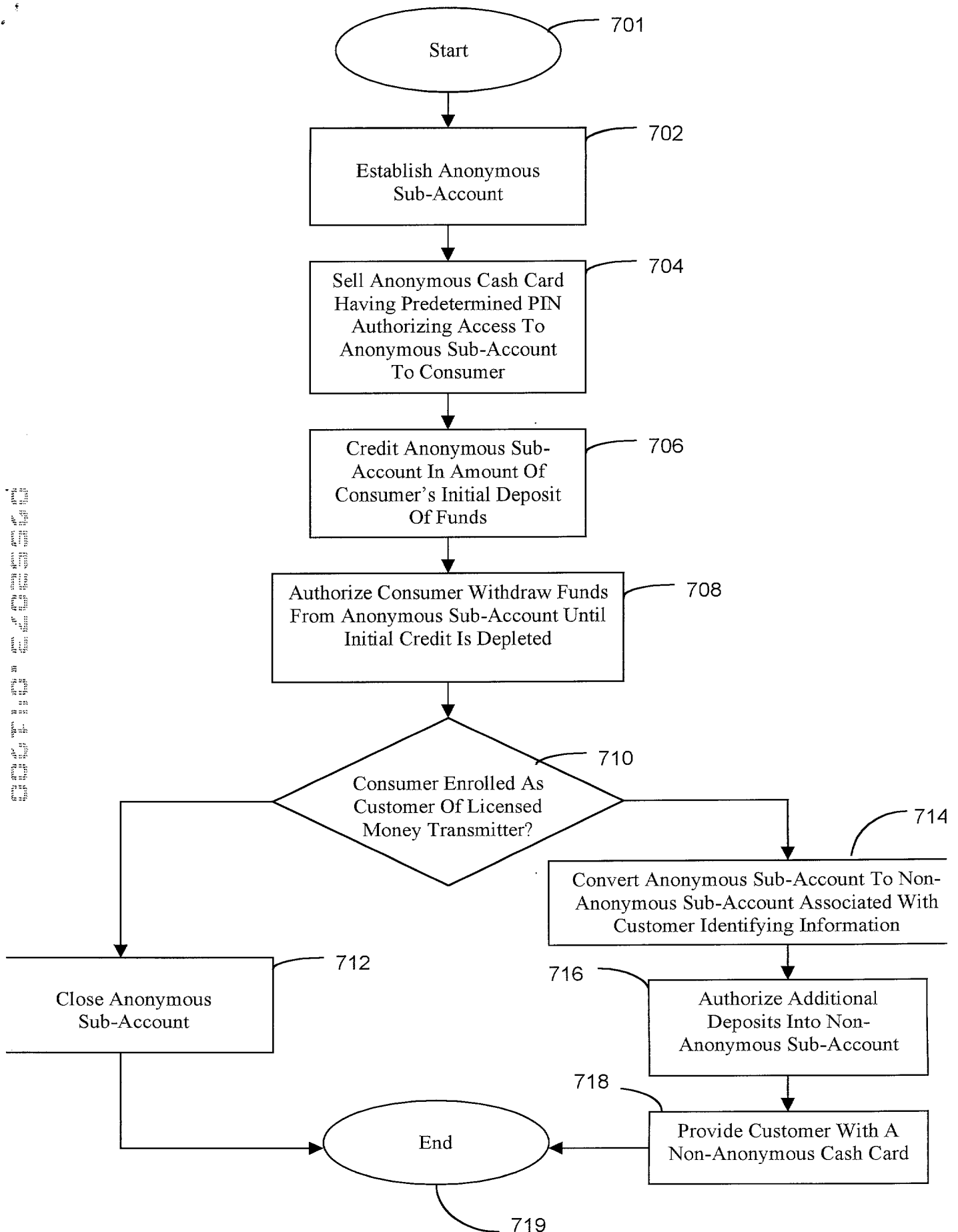


FIG. 7